

DECISION MEMORANDUM

**TO: COMMISSIONER KEMPTON
COMMISSIONER SMITH
COMMISSIONER REDFORD
COMMISSION SECRETARY
COMMISSION STAFF**

**FROM: KRISTINE SASSER
DEPUTY ATTORNEY GENERAL**

DATE: SEPTEMBER 30, 2010

**SUBJECT: APPLICATION OF AVISTA FOR AUTHORITY TO REVISE ITS
RESIDENTIAL AND FARM ENERGY RATE (SCHEDULE 59), CASE
NO. AVU-E-10-04**

On September 15, 2010, Avista filed an Application with the Commission seeking authority to revise its Schedule 59, Residential and Farm Energy Rate. More specifically, the Company proposes an adjustment of a rate credit from the currently approved 0.289¢ per kWh to 0.147¢ per kWh, or a decrease to the credit of 1.65%. The Company requests that the Application be processed by Modified Procedure and rates become effective November 1, 2010.

THE APPLICATION

Avista's Application states that the current 0.289¢ per kWh rate credit, to pass through residential exchange program benefits, was approved effective August 1, 2009. That rate credit resulted from a settlement agreement with the Bonneville Power Administration (BPA) and was based on two years of assumed payments from BPA for their 2009 and 2010 fiscal years, as well as an amount from settlement of an outstanding Deemer Account.

Avista maintains that the current rate credit was designed to pass through the total of the 2009 and 2010 benefits over a period of 15 months, August 1, 2009 through October 31, 2010. The proposed rate credit of 0.147¢ per kWh will replace the current credit of 0.289¢ per kWh and is designed to pass through the amount of expected benefits from BPA for their 2011 fiscal year over a refund period of 12 months, November 1, 2010 through October 31, 2011. For a customer using 1,000 kWh per month, the proposed, lower rate credit would result in a monthly increase of \$1.42 per month, or 1.65%.

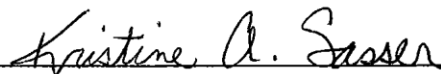
The Application states that the proposed rate credit will have no effect on Avista's net income. The proposed rate credit would, however, result in an increase of approximately \$1.7 million to Idaho electric revenue, since a lesser amount of benefits will be passed through to customers.

STAFF RECOMMENDATION

Staff has reviewed the Application and recommends that the case proceed by Modified Procedure with a comment deadline of October 21, 2010.

COMMISSION DECISION

Does the Commission find that the public interest may not require a hearing to consider the issues presented, and that this proceeding may be processed under Modified Procedure with a comment deadline of October 21, 2010?



Kristine A. Sasser
Deputy Attorney General

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